

## Message Text

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PAGE 01 BRASIL 03552 071845Z

61

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 DODE-00 PA-02 PRS-01 INT-05 FEA-01 OES-05

ERDA-07 DOTE-00 L-02 H-02 EUR-12 NEA-09 AGR-10 /147 W

----- 055502

R 071730Z MAY 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 9084

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 3552

E.O. 11652: N/A

TAGS: EFIN, BR

SUBJECT: FINANCE MINISTER SIMONSEN'S VISIT TO PARIS

1. FINANCE MINISTER SIMONSEN WAS IN PARIS LAST WEEK (APRIL 28-29) TO ATTEND A BUSINESSMEN'S SEMINAR ON INVESTING IN BRAZIL. DURING THE COURSE OF HIS PRESENTATION AT THE SEMINAR AND IN A SUBSEQUENT MEETING WITH THE PRESS, SIMONSEN MADE THE FOLLOWING POINTS OF INTEREST:

A. FOREIGN INVESTORS ARE WELCOMED IN ALL SECTORS OF THE BRAZILIAN ECONOMY, EXCEPT TWO: ENERGY (EXPLORATION AND REFINING OF PETROLEUM AND NUCLEAR ENERGY) AND IN NEW COMMERCIAL BANKS. FOREIGN INVESTORS CAN, ON THE OTHER HAND, HOLD MINORITY PARTICIPATION IN INVESTMENT BANKS, IN STEEL, IN MINERAL EXPLORATION AND PETRO-CHEMICALS.

B. NO ADDITIONAL FOREIGN INVESTMENTS IN THE  
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PAGE 02 BRASIL 03552 071845Z

AUTOMOTIVE SECTOR WILL BE APPROVED.

C. THE FACT THAT THE BRAZILIAN CONGRESS IS  
HOLDING HEARINGS ON THE MULTINATIONALS DOES NOT  
SIGNAL ANY DISCRIMINATION AGAINST FOREIGN CAPITAL.

D. FINDING AN EQUILIBRIUM AMONG FOREIGN CAPITAL,  
PRIVATE CAPITAL AND GOVERNMENT CAPITAL IS AN  
IMPORTANT PREOCCUPATION OF THE PRESENT GOVERNMENT.

E. BRAZILIAN REGULATIONS GOVERNING PROFIT RE-  
MITTANCES ARE NOT AS RESTRICTIVE AS IT MIGHT SEEM.  
THE 12 PERCENT ANNUAL LIMIT ON REMITTANCES (OVER A  
THREE-YEAR PERIOD) IS SET OF TAXES; SINCE THE DIS-  
TRIBUTION OF PROFITS BEARS A TAX OF 25 PERCENT, THE  
GROSS REMITTANCE IS 16 PERCENT. IN ADDITION, IN  
CALCULATING THE 12 PERCENT, THE GOB TAKES INTO  
ACCOUNT NOT ONLY ORIGINAL INVESTEE CAPITAL BUT ALSO  
REINVESTED EARNINGS.

F. FINALLY, SIMONSEN SAID THAT, DURING THE  
LAST ONE AND ONE-HALF MONTHS, THE MONTHLY INFLOW OF FOREIGN  
BORROWING WENT TO \$450 MILLION FROM \$250 MILLION.

2. COMMENT: SIMONSEN'S TRIP TO PARIS, HIS SECOND  
TRIP TO EUROPE THIS YEAR, IS PART OF A CONTINUING  
CAMPAIGN TO STIMULATE FOREIGN INVESTOR'S INTEREST  
BY POINTING OUT THE ADVANTAGES OF INVESTING IN BRAZIL.  
THESE EFFORTS HAVE BEEN PARTICULARLY GEARED TOWARD  
EUROPE (AND ALSO THE MIDDLE EAST) IN AN EFFORT TO  
DIVERSIFY THE SOURCES OF FOREIGN DIRECT INVESTMENTS.  
IN ADDITION TO SIMONSEN'S VISITS, THE APPOINTMENTS  
OF DELFIN NETTO AS AMBASSADOR TO FRANCE AND  
ROBERTO CAMPOS AS AMBASSADOR TO LONDON WERE AN  
INTEGGRAL PART OF THIS OVERALL STRATEGY. AT THE END OF  
HIS VISIT, SIMONSEN PREDICTED, IN FACT, THAT  
FRENCH DIRECT INVESTMENTS IN BRAZIL, WHICH AMOUNTED  
TO 4.0 PERCENT OF TOTAL FOREIGN INVESTMENTS IN BRAZIL,  
AT THE END OF JUNE 1974 (OR \$207 MILLION) SHOULD,  
WITHIN A FEW YEARS, EQUAL THOSE OF GERMANY (11.5  
PERCENT OR \$586 MILLION). SIMONSEN WILL BE RETURNING  
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PAGE 03 BRASIL 03552 071845Z

TO EUROPE FOR ANOTHER INVESTMENT SEMINAR TO BE HELD  
IN SALZBURG, AUSTRIA (MAY 28).  
CRIMMINS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENT, POLICIES, PRESS CONFERENCES, VISITS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 JUL 2003  
**Review Event:**  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FINANCE MINISTER SIMONSEN'S VISIT TO PARIS  
**TAGS:** EFIN, EINV, BR, FR, (SIMONSEN, MARIO ENRIQUE)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006